000 and it is already reported that some cotton cloth is being shipped to the U.S.S.R.

• 452 404 #668 In the field of credit financing, purchasing and marketing, extensive efforts have been underway to place these activities under the control of cooperatives specifically erected and designed to extend State control over the rural areas. These co-ops are designed to assist in agricultural planning and to assure the realisation of annual output quotas. Credit cooperatives are closely coordinated with the development of agricultural producer cooperatives in order to provide them with funds to develop and simultaneously to absorb any liquid savings that have accrued among these co-ops. For the purpose of State purchasing and marketing, cooperatives have been set up which survey individual households to determine household consumption and output. Frequently, advance purchases of expected agricultural surpluses are made by these co-ops. All surpluses which can be purchased by State marketing and supply co-ops are channeled through State apparatus to where they can be used most efficiently.

654 232 #668 [476] [177] The State has taken measures to increase livestock production by first attempting to set up mutual aid teams among the pastoral people and sending specially trained teams into the pastoral areas to immunize animals, teach the herders better care of their stock to prevent loss of animals, and conduct breeding experiments to improve the quality of livestock. Superior types of animals from the Soviet Union have been imported on some occasions to be bred with native stock.

242 #668 [177] Pests, locusts, and animal diseases have always been a scourge in this region. The State has undertaken to acquire technicians and airplanes from the U.S.S.R. to spray regions where the threat of locusts has become serious. Insecticide has been distributed throughout the lower level agricultural co-ops and campaigns have been conducted among the peasants to eliminate plant and animal diseases.

313 #668 Teams have been sent out to survey forested portions of the region and to determine what measures might be taken to expand existent forest reserves, plant saplings, establish nurseries and carry out large-scale afforestation to prevent erosion.

241 #668 [433] [242] [474] These have been the general measures taken by the Chinese Communists so far to develop agriculture in this portion of the country. Some successes have been scored; e.g., in increasing the number of livestock and higher crop yields per acre by the introduction of better procedures of livestock care and farming. However, the program of organizing the peasantry into co-ops to achieve similar results, has not been successful in every instance.

[518] Bandits and dissatisfied portions of the minorities who did not welcome the Communists have been quite active in disrupting their programs. As the years in the first five year plan pass, the plan-

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668 training takes time before these technicians, accountants, etc.,
241 can go out and organize co-ops, operate them efficiently, and train other native cadres. The 1955 plan calls for the training of 600 technical cadres for the "Centers for Promoting Agricultural Techniques," for the training of 500 in-office cadres by rotation, and for the training of 4,190 accountants and 5,337 technicians for agricultural producer cooperatives.

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668 An additional problem (which will be mentioned at this point
657 rather than repeated when each province of the Northwest is dis-
736 cussed) concerns the soldiers' dependents in the region and the
494 plight of discharged army personnel. The State has been particu-
729 larly upset by the lack of participation of these groups in coopera-
[464] tivization and special attention is now being devoted to utilize this source of manpower. Since dependents of servicement are given certain State stipends, in food, many of them feel that by joining a cooperative they will be deprived of this compensation. Because 1955 was a critical year in the Five Year Plan, the pace of erecting new co-ops and consolidating the older ones has been increased. Now many of the dependents and demobilized soldiers who were organized in these co-ops have backed out of them and many of these co-ops have, therefore, never been consolidated. Another problem in the co-ops is that the members do not want partly disabled or female workers, and, on the other hand, many dependents feel that the State should provide for them. (No. 1004, March 10, 1955, Supplements. "Actively Organizing Servicemen's Dependents for Mutual Aid and Co-op Work." U.S. Consulate General. Survey of China Mainland Press.) The proper allocation of labor in the Northwest remains a critical problem.

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2. Chinghai

*195 By December, 1954, 575 agricultural producer co-ops had
*668 been formed, and this constituted 9.12 per cent of all households.
494 The number of mutual aid co-ops was not given but it was reported
• 452 that 69.7 per cent of all households had been cooperativized to
[476] some extent. There were also 159 supply and marketing coopera-tives, 148 credit cooperatives, and 12 handicraft producer co-ops. Long term low interest loans have been extended to poor peasants to encourage them to join farming co-ops. The first allocation totalled over 138 million yuan (U.S. $5,598). The interest rate is 0.4 per cent monthly and the repayment period is spread over five years. Besides these individual loans to poor peasants, there have been additional ones to enable the peasants to build small water conservancy works and buy new types of farm tools. All totalled, state loans amounted to more than 750 million yuan (U.S. $30,426) for 1955. (Far Eastern Economic Review. Dec. 1, 1955. pp. 686-87.)

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*668 In a provincial report by Chan Kuo-sheng, Secretary General
241 of the Chinghai Provincial People's Government, on work
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*668 241 474 185 and coordinate all rural activities toward the fulfillment of Chinese Communist agrarian policy: complete cooperativization of agriculture and the assurance of a steady flow of food and raw materials through fixed purchase of produce. (The problem of agricultural taxes in the Northwest has not been mentioned so far, [651] The Communists have not reported any reduction of agricultural taxes, or what the average tax rates in the Northwest are.) They have a system of cooperatives at the basic production levels. Though cooperativization has taken place slowly because of the peculiar conditions of many areas in the last six years, it is expected that once some nucleus of control has been established in the rural areas in the form of permanent mutual aid cooperatives and producer cooperatives, rapid cooperativization will take place, to embrace, ultimately, all rural inhabitants.

*668 563 In the national minority area, the Chinese Communists have proceeded slowly, so far, in their attempts to organize agricultural and pastoral activities. The problem of different national [474] minority groups has been one of the principal stumbling blocks in the creation of lower level co-ops, and will undoubtedly pose a barrier to rapid cooperativization.

*668 241 654 452 Secondly, the State has been able to provide only a small supply of farm implements and credit. Shortages in China and the difficulties of transportation undoubtedly account for this. It is questionable whether these shortages can be overcome in the next few years, but when they are, new farm tools and sufficient credit should account for significant output increases.

*668 241 433 Thirdly, one of the principal ways the Communists have attempted to increase output in the Northwest has been through extensive farming rather than through intensive means. They have done this by using vast amounts of labor, particularly military, to reclaim desert wastes, build irrigation works, and construct state farms to manage the reclaimed area. Evidence of this is most striking in Sinkiang and Kansu. Although Chinghai and Shensi with their hills and valleys limit extensive farming procedures, cultivation has been extended wherever possible. Because of the shortage of fertilizer and tools the Chinese Communists have been unable to promote intensive farming on a scale that would raise output per acre significantly. Instead, they have had to resort to expanding cultivation, that is, extensive farming, to obtain the desired increases.

*668 241 231 433 Finally, it is clearly evident that in all parts of the Northwest, with the exception of Chinghai, there has been a general neglect in promoting livestock production and instead an all-out effort to increase the planting and extension of cultivation of wheat, cotton, and oil seed bearing crops. This program differs radically from policy measures suggested by Western agronomists, i.e., J.L. Buck and T.H. Shen who advocated the restoration of fertility to